



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

MAR 5 2002

The Honorable Bob Stump  
Chairman  
Committee on Armed Services  
United States House of Representatives  
Washington, DC 20515-6035

Dear Mr. Chairman:

In accordance with Section 1306 of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65 (the Act), I am submitting to you the report on "The Appropriate Executive Agency for the Cooperative Threat Reduction (CTR) Programs." It indicates that the Department of Defense is the appropriate executive agency for the programs developed in furtherance of the purposes listed in Section 1302 of the Act, except the project to eliminate production of plutonium at Russian reactors, which is being transferred to the Department of Energy. Each of the CTR Programs contributes significantly to the national security of the United States, and the Department of Defense is best positioned currently to execute the remaining CTR Programs in the most efficient and effective manner.

In addition to sending a similar letter to Chairman Levin, letters are also being sent to the President of the Senate, Speaker of the House and the Chairmen and Ranking Members of the Committees on Appropriations, Foreign Relations, and International Relations.

Sincerely,

Enclosure:  
As stated

cc:  
The Honorable Ike Skelton  
Ranking Democrat



**Cooperative Threat Reduction (CTR) Program**

**The Appropriate Executive Agent for the Cooperative Threat Reduction Programs**

**Submitted in accordance with Section 1306 of Title XIII of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65**

Section 1306 of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65, entitled "Limitation on Use of Funds until Submission of Report," states:

"Not more than 50 percent of the fiscal year 2000 Cooperative Threat Reduction funds may be obligated or expended until the Secretary of Defense submits to Congress a report describing –

- (1) with respect to each purpose listed in section 1302, whether the Department of Defense is the appropriate executive agency to carry out Cooperative Threat Reduction programs for such purpose, and if so, why; and
- (2) for any purpose that the Secretary determines is not appropriately carried out by the Department of Defense, a plan for migrating responsibility for carrying out such purpose to the appropriate agency."

**Discussion.**

DoD components responsible for the Cooperative Threat Reduction program, as well as the Offices of General Counsel and Comptroller, evaluated the purposes listed in Section 1302:

- Strategic Offensive Arms Elimination in Russia;
- Strategic Nuclear Arms Elimination in Ukraine;
- Activities to Support Warhead Dismantlement Processing in Russia;
- Security Enhancements at Chemical Weapons Storage Sites in Russia;
- Weapons Transportation Security in Russia;
- Planning, Design, and Construction of a Storage Facility for Russian Fissile Material;
- Weapons Storage Security in Russia;
- Development of a Cooperative Program with the Government of Russia to Eliminate the Production of Weapons Grade Plutonium at Russian Reactors;
- Biological Weapons Proliferation Prevention Activities in Russia;
- Activities Designated as Other Assessments/Administrative Support; and
- Defense and Military Contacts.

Based on this evaluation, the Department has determined that each CTR program furthering a Section 1302 purpose contributes to the national security of the United States and that the DoD is the most appropriate executive agency for each program, except for

the development of a cooperative program with the Government of Russia to eliminate the production of weapons grade plutonium at Russian reactors. This determination is based on the following reasons:

- The initial CTR legislation, the Soviet Threat Reduction Act of 1991, designated DoD as the Executive Agent for the CTR Program. In addition, since the inception of the CTR program, the President has delegated responsibilities for management of the CTR Program to the Secretary of Defense on several occasions (57 FR 11554, Delegation of Responsibilities under Public Law 102-229; 58 FR 3193, Delegation of Responsibilities under Title XIV of Public Law 102-511; and 59 FR 5929, Delegation of Responsibilities under Sections 1203-1207 of Title XII of Public Law 103-160).
- The United States Government (USG) has concluded CTR Umbrella Agreements with Russia (1992), Belarus (1992), Ukraine (1993), Kazakhstan (1993), Moldova (1997), Georgia (1997) and Uzbekistan (2001) designating DoD as the executive agent for the USG. Under these umbrella agreements, DoD, acting as the Executive Agent, has negotiated and concluded a total of 39 implementing agreements with counterpart agencies in Russia, Belarus, Ukraine, Kazakhstan, Moldova, Georgia and Uzbekistan to execute a wide variety of CTR activities. A number of these agreements, including the Umbrella and all implementing agreements with Belarus, have been allowed to expire. The remaining agreements provide a comprehensive legal framework for CTR activities, including exemption of CTR activities from all taxes and similar charges, immunity of U.S. personnel from foreign criminal jurisdiction, audit and examination rights for all U.S. assistance, waiver of all liability claims by host governments and assumption of all liabilities for third party claims, application of U.S. contracting rules, and imposition of various other obligations, including the duty not to transfer any assistance without U.S. permission. The negotiation process for each of these complex agreements was laborious. Having to renegotiate any of them would not only take significant time and resources, it would also delay the execution of CTR programs and might result in new demands by the foreign governments involved to renegotiate a variety of provisions.
- The CTR Program is designed to enhance the national security of the United States, and the purposes listed in Section 1302 all support elimination of, and prevention of the proliferation of, weapons of mass destruction, which is part of the DoD's primary mission of countering threats from foreign military forces to protect the lives and personal safety of Americans at home and abroad. In order to serve this important national security interest, the DoD has created specific organizations to manage, execute, and monitor the CTR Program. If another agency were to be named the executive agency for one or more of these programs, it would need to establish a duplicate set of organizations. This would take time, create delays, increase costs, and divert scarce resources from other high priority projects.

- The DoD has equipment and weapons systems in its inventory that are similar to those the CTR Program assists to dismantle or eliminate in the former Soviet Union (FSU) (missiles and related equipment, nuclear powered submarines, bombers, etc.). As a result, the DoD has developed a vast array of experience in the areas of accountability, safety, maintenance, security, and proper equipment and weapons handling. In addition, consistent with the end of the cold war and various arms control agreements, the DoD has extensive experience eliminating its own strategic weapons systems. This experience places the DoD in the best position to act as the executive agency for programs assisting states of the FSU to account for, properly secure, and eliminate like weapon systems. In the case of biological weapons, DoD has unique experience in the development of defensive measures, and related expertise in accountability, security and disposal of these weapons. Although the DoD does rely on the specific expertise of the Department of Energy and the private sector for the storage of fissile material, it has experience providing for the storage, transportation, security, and accountability of radioactive and other hazardous materials. This technical experience and its experience managing large construction projects, combined with that gained through years of implementing CTR assistance as the executive agency, places the DoD in the best position to be the executive agency for these programs.
- The DoD has implemented CTR assistance activities for nearly 10 years. During this period, it has developed long-term relationships with the designated counterpart agencies in recipient countries. The DoD has created the necessary processes and procedures, and has trained personnel within the Department to manage effectively and execute CTR assistance activities with their foreign counterparts. Through organizations such as the Office of Cooperative Threat Reduction Policy and the Defense Threat Reduction Agency, institutional knowledge and relationships have developed, which would take months, if not years, to replicate in a new executive agency.
- Under applicable agreements, each CTR program area has matured into a fully developed project with many contracts supporting implementation. At the same time, technical requests and new contracts with various U.S. businesses and foreign enterprises are continually being negotiated. The naming of a new executive agency for any of these programs could result in long delays and increased costs, as the agency would need to create new management structures, as well as to train personnel to define policies and requirements, develop negotiating skills, and prepare and manage contracts.
- One of the most important elements of the CTR Program is monitoring how the recipient countries use the assistance. Over the last eight years, the DoD has developed extensive contract management teams and Audit and Examination Programs under agreements and arrangements between DoD and recipient foreign

government executive agencies. The time needed to negotiate and develop new agreements, arrangements, or processes, as well as to train personnel for a new executive agency, could greatly degrade U.S. ability to monitor assistance for intended use. Also, the DoD has a close working relationship with key elements of the Intelligence Community, which is necessary to assist in the monitoring of the programs. A new executive agency might not be familiar with, and thus be unable to utilize, all of the resources available from the Intelligence Community, meaning that crucial elements of the monitoring process might not be implemented.

- Initially, the DoD served as the executive agent (relying on the Department of Energy (DoE) for technical advice and contracting support) for the U.S. cooperative program with the Government of Russia to eliminate the production of weapons grade plutonium at Russian reactors. However, given that the elimination of the production of weapons-grade plutonium at Russian reactors is associated with the core competencies of the DoE, the Administration has determined that responsibility for this program should be transferred to DoE. The President's budget request for FY 2003 reflects this transfer of responsibility, and funds previously appropriated to DoD for this purpose will be transferred to DoE for execution.

In conclusion, the DoD's primary mission is to maintain forces capable of countering threats from foreign military forces to protect the lives and personal safety of Americans at home and abroad. The elimination and prevention of proliferation of weapons of mass destruction under the Cooperative Threat Reduction Program are important to the achievement of this mission. As the primary custodian of WMD for the United States, the DoD has the requisite knowledge and experience in understanding and managing the CTR projects in furtherance of the purposes listed in Section 1302, except the project to eliminate the production of weapons grade plutonium at Russian reactors. The Department's effectiveness in implementing CTR assistance activities is greatly enhanced by its extensive experience in operating and eliminating U.S. strategic weapon systems; meeting U.S. requirements under START I; monitoring numerous arms control treaties; and conducting the government-to-government and military-to-military coordination necessary to complete CTR projects under applicable agreements. The DoD already has negotiated CTR agreements; developed relationships with the appropriate counterpart ministries in recipient countries; and has in place well-established procedures, contracts, and experienced personnel. All of these are necessary to continue the successful execution of the CTR Program.